

Date

1/8/2/1

Signature

Employer Identification Number: \_\_\_\_\_

Dear Applicant:

We have considered your application for recognition of exemption as an organization described in section 501(c)(2) of the Internal Revenue Code. Based on the information submitted, we have concluded that you do not qualify for exemption under this section.

You were incorporated on \_\_\_\_\_ under the laws of \_\_\_\_\_. According to the \_\_\_\_\_ Article of your Articles of Incorporation: "The Corporation is organized and shall be operated exclusively as a title-holding corporation within the meaning of Section 501(c)(2) of the Internal Revenue Code of 1986...to collect the income from the Property and to turn over the entire amount thereof, less expenses, to the \_\_\_\_\_ . . . ."

According to Article I, Section 1.4, "The sole member of the Corporation is \_\_\_\_\_ . . . ."

According to your Application for Exemption, Schedule A, "[t]itle is held for \_\_\_\_\_, which is the sole member of this corporation. The Party is a political organization described [in] Section 527(e)(1) of the Internal Revenue Code and is therefore classified as exempt from federal income tax pursuant to Section 527(a) . . . ."

Section 501(c)(2) of the Code provides for the exemption from Federal income tax of corporations organized for the exclusive purpose of holding title to property, collecting income therefrom, and turning over the entire amount thereof, less expenses, to an organization which itself is exempt under section 501(a).

Section 527 of the Code provides that a political organization shall be considered an organization exempt from income taxes for the purpose of any law which refers to organizations exempt from income taxes.

Section 1.527-2(a) of the Income Tax Regulations provides that a "political organization" is a party, committee, association, fund, or other organization organized and operated primarily for the purpose of directly or indirectly accepting contributions or making expenditures for an exempt function activity as defined in section 527(e)(2) of the Code.

Section 501(c)(2) of the Code places restrictions on the type of organizations for which property is held. A title-holding corporation described in section 501(c)(2) must hold title to property for, and turn over the income to, an organization that is exempt under the provisions of section 501(a). Organizations exempt under section 501(a) include qualified pension, profit-sharing or stock bonus plans described in section 401(a) in addition to all section 501(c), (d), (e) and (f) organizations.

You have asserted that you are organized, operated controlled for the benefit of your sole member, [REDACTED], an organization exempt under section 527 of the Code. You have also asserted that you are controlled by your sole member and that any income realized from the property held by you will be turned over to that member.

Your parent organization is exempt under section 527 of the Code which is not an organization described under section 501(a). Accordingly, you do not qualify for exemption from Federal income tax under section 501(c)(2) of the Code. You must file federal income tax returns.

You have the right to protest this ruling if you believe that it is incorrect. To protest, you should submit a statement of your views, with a full explanation of your reasoning. This statement, signed by one of your principal officers, must be submitted in duplicate within 30 days from the date of this letter. You also have a right to a conference in this office after your statement is submitted. You must request the conference, if you want one, when you file your protest statement. If you are to be represented by someone who is not one of your principal officers, he or she must file a proper power of attorney and otherwise qualify under our Conference and Practice Requirements.

If we do not hear from you within 30 days, this ruling will become final and copies will be forwarded to the District Director in Baltimore, Maryland, which is your key district.

[REDACTED]

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Thereafter, any questions concerning your Federal tax status or the filing of your returns should be addressed to that office.

Sincerely yours,

(Signed) [REDACTED]

[REDACTED]  
Chief, Exempt Organizations  
Rulings Branch 1

cc: DO, Baltimore  
Attn: EO Group

cc: [REDACTED]

[REDACTED]